



# ENERGY ASSURANCE DAILY

Wednesday, February 21, 2007

## Major Development

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### **Update: Valero's 170,000 b/d McKee Refinery in Texas Seen Out 'Several Weeks'**

Although there is not enough information yet to release a credible timeline for start-up, Valero has indicated that "it will be several weeks before a partial startup can be anticipated" for units shut at its 170,000 b/d refinery in Sunray, Texas. The entire refinery was shutdown by an explosion and fire that occurred on February 16-17. The cause of the propane leak and the explosion is currently under investigation. The fire is thought to have begun in the area near the deasphalting unit, where much of the damage occurred. However, a cooling tower, a naphtha fractionation tower, and other equipment at the refinery also suffered damage. Valero is testing products in storage at the refinery to determine their usability, and is making other arrangements to supply customers. According to Reuters, the outage has pushed up gasoline prices in Arizona and is boosting demand for supply from California. The chief oil analyst at the Oil Price Information Service has said "all of the landlocked Rocky Mountain states are compromised when a single refinery is lost."

<http://www.mysanantonio.com/business/stories/MYSA022107.1E.valero.8fed6b.html>

<http://www.dallasnews.com/sharedcontent/APStories/stories/D8NDPF5O3.html>

<http://www.marketwatch.com/news/story/valero-several-weeks-before-partial/story.aspx?guid=%7BEADF3743-0AA0-4839-BF9E-7E8C3787B1BC%7D>

Reuters, 20:12 February 20, 2007

OPIs, 05:45 February 20, 2007

### **Pipeline Rupture Shuts 240,000 b/d TEPPCO Products Pipeline System East of Indiana Propane Deliveries to Northeast Affected**

A 20-inch, 240,000 b/d TEPPCO products pipeline ruptured and spilled diesel fuel in the vicinity of Seymour, Indiana on February 20. Although the product spilled was diesel fuel, the principal product carried by the pipeline is propane. The line carries products from Gulf Coast refineries to markets in the Northeast including Ohio, Pennsylvania, and New York. Operations have been shut on the line east of Seymour. At present, TEPPCO has no estimate as to how long the line will be shut and is working with its propane customers in the Northeast.

OPIs, 11:45 February 21, 2007

Reuters, 10:38 February 21, 2007

Bloomberg, 14:26 February 20, 2007

<http://www.wcpo.com/news/2007/local/02/20/pipeline.html>

## Electricity

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### **Southern's 1,149 MW Vogtle Nuke Unit 2 in Georgia Reduced to 80 Percent February 21**

The unit dropped to 80 percent of capacity as of early Wednesday.

Reuters, 07:16 February 21, 2007

### **Update: Entergy's 855 MW FitzPatrick Nuke Unit in New York Ramps Up to 93 Percent February 21**

The unit ramped up to 93 percent of capacity as of early Wednesday, up from 55 percent early yesterday. The unit was reduced so that workers could replace a seal on a pump that supplies water to the plant.

Reuters, 07:00 February 21, 2007

### **TXU's 750 MW Martin Lake Coal-fired Unit 3 in Texas Restarts February 21**

The company restarted the unit early Wednesday after shutting it Tuesday morning to repair a tube leak.

Reuters, 07:31 February 21, 2007

### **Update: CN Rail Strike Forces BP, Spectra to Declare Force Majeure on NGL Supply in Canada**

BP has informed its natural gas liquids (NGL) customers that it is declaring force majeure on shipments from its Sarnia, Ontario refinery due to the ongoing strike at Canada's Canadian National Railway (CN). Spectra Energy Empress has also declared force majeure for its NGL customers due to the strike. A Spectra spokeswoman said she does not know when the force majeure will be lifted. Spectra Energy Empress, based in Calgary, Alberta, has facilities that include 2.4 Bcf/d of NGL extraction and 55,000 b/d of fractionation capacity, 580 miles of NGL pipeline, and 4 million barrels of underground storage. The CN strike began on February 10. Yesterday, the Energy Assurance Daily reported that the CN Rail strike was causing a propane shortage in Maine.

Reuters, 12:35 February 21, 2007

Reuters, 13:48 February 21, 2007

### **Imperial Rationing Gasoline in Ontario Due to Weather, Refinery Fire, and Rail Strike Local Press Reports Gas Stations Running Out of Fuel**

Imperial oil said that it has begun rationing gasoline to 400 company-owned Esso stations in Ontario due to poor weather, the ongoing Canadian National (CN) Railway strike and a fire last week at its 118,000 b/d Nanticoke refinery. The company said it will reduce supply to the stations by 50 percent until the end of the month. Local media reports say that Imperial has had to close 75 of its 400 gas stations in Ontario, and Canadian Tire, which receives supplies from Imperial, has had to close 10 of its facilities. Imperial's Nanticoke refinery is operating after the fire in its crude processing unit on February 15 but is not accepting deliveries of oil. Some feedstock has been shipped to the facility from a nearby refinery in Sarnia, Ontario but Imperial has not said how much gasoline production has been reduced due to the fire. According to the company, some repairs could be completed by the end of February. The CN strike has added to the company's problems by increasing competition for trucking services and hindering efforts to bring in additional gasoline and diesel supplies.

Reuters 11:56 February 21, 2007

Bloomberg News, 12:11 February 21, 2007

Bloomberg News, 15:19 February 20, 2007

### **Small Leak Shuts BP's 47,000 b/d Northstar Oil Field in Alaska February 17 Restart Delayed Till Next Week by Discovery of New Pipeline Problems**

On Saturday, BP shut the 47,000 b/d Northstar oil field on the Alaska North Slope so that damage could be assessed in the gas handling system following the discovery of a small leak. Inspections revealed that a corroded weld was responsible for the leak. Further inspections of the tubing at the field turned up more areas of concern, leading BP to delay the restart of the field till "some time next week." The Alaska government had previously expected the field to restart on February 21.

<http://www.platts.com/Oil/News/9879552.xml?p=Oil/News&sub=Oil>

Reuters, 12:47 February 21, 2007

### **Update: Barge Restrictions Easing on Upper Mississippi River**

According to the U.S. Army Corps of Engineers (USACE), warmer weather has allowed some locks on the upper Mississippi River to resume normal operations, following icy conditions that had limited barge traffic on the waterway. The slowdown of barge traffic had temporarily disrupted shipments of oil and ethanol. According to traders, normal traffic was not expected to resume on the northern stretches of the river until early March.

Reuters 16:22 February 20, 2007

### **Process Upset at ConocoPhillips's 146,000 b/d Borger Refinery in Texas February 20**

The company said the process upset, which occurred in Area B of the refinery, did not affect production.

Reuters 20:21 February 20, 2007

Bloomberg News, 18:15 February 20, 2007

### **Volume of Oil Imports from OPEC Essentially Unchanged in 2006 – EIA**

According to the latest data from the Energy Information Administration (EIA), the volume of oil imported from OPEC countries in 2006 was nearly identical to that imported during 2005. Imports from OPEC averaged 4.8 million b/d in 2006 with the largest amounts coming from Saudi Arabia, Venezuela, and Nigeria. EIA anticipates that despite the announced reductions in OPEC's production quota, the U.S. will import more oil from OPEC in 2007 as the result of Angola becoming an OPEC member in January.

Oil Daily, February 21, 2007

## Natural Gas

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### Unconventional Oil and Natural Gas Sources to Account for Larger Share of Global Energy – Wood Mackenzie

A new report by energy consulting firm Wood Mackenzie predicts a much larger role for unconventional sources of oil and gas in the future. The report, “Unconventional Hydrocarbons — The Hidden Opportunity” focuses on heavy oil, tight gas, coalbed methane and shale oil. Wood Mackenzie foresees a doubling of the role of unconventional oil to a 20 percent share by 2025 and an increase in the use of unconventional gas sources (principally confined to North America) to 42 percent by 2010.

Oil Daily, February 21, 2007

<http://intelligencepress.com/>

## Other News

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Nothing to report.

## Energy Prices

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U.S. Oil and Gas Prices February 21, 2007			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	59.86	58.43	61.21
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	7.51	8.90	7.40

Source: Reuters

## Energy Notes

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### Parts of Downtown Chicago Hit by two Brief Power Outages February 20

<http://www.nbc5.com/news/11071426/detail.html?rss=chi&psp=news>

### Brief Power Outage in Reading, Pennsylvania: 5,000 Customers Including Medical Center and Shopping Center Affected, February 20

<http://www.readingeagle.com/re/news/1624627.asp>

### Update: Clean Up Continuing from Pipeline Break in Wisconsin, Wells to be Drilled to Monitor Ground Water Contamination

<http://www.businessnorth.com/kuws.asp?RID=1803>

### Plains All American Plans New Crude Oil Storage Terminal in Illinois

Reuters, 05:01 February 21, 2007

### Tight Supply of Natural Gas Negatively Impacting U.S. Economy – Industry Study

<http://www.platts.com/Natural%20Gas/News/6357815.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

### Lower Prices Coupled with Higher Costs Could Dampen Drilling Activity – Merrill Lynch

<http://www.platts.com/Natural%20Gas/News/8895738.xml?p=Natural%20Gas/News&sub=Natural%20Gas>

## **BP to Drill Methane Hydrates Test Well on Alaska North Slope**

<http://intelligencepress.com/>

## **U.S., Brazil Aim to Create Global Market for Ethanol – State Department**

Reuters, 12:48 February 21, 2007

## **ATC Energizes New 138 kV, 4-mile Electricity Transmission Line in Wisconsin**

Reuters, 17:47 February 21, 2007

## **Links**

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***This Week in Petroleum*** from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

***Weekly Petroleum Status Report*** from EIA

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

***Natural Gas Weekly Update*** from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

### **ENERGY ASSURANCE DAILY**

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*Energy Assurance Daily* provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

<http://www.oe.netl.doe.gov/index.aspx>.

Please direct comments and questions to: [ead@oe.netl.doe.gov](mailto:ead@oe.netl.doe.gov)